

3064

**LIVINGSTON PARISH  
SEWERAGE DISTRICT NUMBER TWO  
DENHAM SPRINGS, LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports

As of and for the Years Ended December 31, 2000 and 1999  
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-01

## TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
Independent Auditor's Report .....		3
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		4
<b>General Purpose Financial Statements:</b> As of and for the Years Ended December 31, 2000 and 1999		
Combined Balance Sheet .....	A	5-6
Statements of Revenues, Expenses, and Changes in Retained Earnings .....	B	7
Statements of Cash Flows .....	C	8
Notes to the Financial Statements		
Summary of Significant Accounting Policies .....	1	9
Fund Accounting - Proprietary Fund Type .....	A	9
Fixed Assets and Long-Term Liabilities .....	B	10
Basis of Accounting .....	C	10
Cash .....	D	10
Budget Policy .....	E	11
Use of Estimates .....	F	11
Reserve Requirements .....	2	12
Reserve Bond Sinking Fund .....	A	12
Sewerage System Revenue Bond Reserve Fund .....	B	12
Depreciation and Contingency Fund .....	C	12
Revenue Bond Sinking Fund .....	A	12
Sewerage System Revenue Bond Reserve Fund .....	B	13
Depreciation and Contingency Fund .....	C	13
Changes in General Fixed Assets .....	3	14
Changes in Long-Term Debt .....	4	15
\$1,047,000 Sewerage System Loan Number R-1 .....	A	15
\$365,000 Revenue Refunding Bonds Series 1997-A .....	B	15
Contributed Capital .....	5	16
Per Diem Paid to Board Members .....	6	16
Income Taxes .....	7	17
Litigation .....	8	17
Retirement Plan .....	9	17
Schedule of Findings and Questioned Costs .....		18-19
Management's Corrective Action Plan for Current Year		
Audit Findings .....		20

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Livingston Parish Sewerage District Number Two  
Denham Springs, Louisiana

I have audited the accompanying general purpose financial statements of Livingston Parish Sewerage District Number Two, Denham Springs, Louisiana, a component unit of Livingston Parish Government, as of and for the years ended December 31, 2000 and 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of Livingston Parish Sewerage District Number Two's management. My responsibility is to express an opinion on these general purpose financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Livingston Parish Sewerage District Number Two as of December 31, 2000 and 1999, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 12, 2001, on my consideration of Sewerage District Number Two's internal control structure and a report dated April 12, 2001, on its compliance with laws and regulations.

*Leroy J. Chustz*

Leroy J. Chustz  
Certified Public Accountant, APAC  
April 12, 2001

LEROY J. CHUSTZ, CPA, APAC

P.O. BOX 158  
DENHAM SPRINGS, LA 70726  
225/665-3102  
Fax: 225/667-3553

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Livingston Parish Sewerage District Number Two  
Denham Springs, Louisiana**

I have audited the financial statements of **Livingston Parish Sewerage District Number Two**, Denham Springs, Louisiana, a component unit of Livingston Parish Government, as of and for the year ended December 31, 2000, and have issued my report thereon dated April 12, 2001. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Livingston Parish Sewerage District Number Two's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audits, I considered Livingston Parish Sewerage District Number Two's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of Livingston Parish Sewerage District Number Two's management, and federal awarding agencies and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Leroy J. Chustz*

Leroy J. Chustz  
Certified Public Accountant, APAC  
April 12, 2001



## STATEMENT A

LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO  
Denham Springs, Louisiana

BALANCE SHEETS  
December 31, 2000 and 1999

ASSETS

	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,644,723	\$1,925,822
Receivables	17,534	15,847
Prepaid insurance	<u>11,206</u>	<u>11,248</u>
Total current assets	1,673,463	1,952,917
RESTRICTED ASSETS		
Revenue bond sinking fund	84,166	84,458
Revenue bond reserve fund	47,514	45,253
Depreciation and contingency fund	<u>71,636</u>	<u>69,244</u>
Total restricted assets	203,316	198,955
PROPERTY, PLANT, AND EQUIPMENT, AT COST		
Land	127,169	56,794
Plant and facilities (net)	3,518,677	3,342,799
Construction in progress	<u>147,027</u>	<u>-0-</u>
Total property, plant, and equipment	3,792,873	3,399,593
OTHER ASSETS		
Utility deposits	<u>1,263</u>	<u>1,263</u>
TOTAL ASSETS	<u>\$5,670,915</u>	<u>\$5,552,728</u>

See accompanying notes to the financial statements.

## STATEMENT A

LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO  
Denham Springs, Louisiana

BALANCE SHEETS  
December 31, 2000 and 1999

LIABILITIES AND FUND EQUITY

	<u>2000</u>	<u>1999</u>
CURRENT LIABILITIES		
Accounts payable	\$ 9,933	\$ 18,093
Total current liabilities	9,933	18,093
CURRENT LIABILITIES (Payable from restricted assets)		
Accrued interest payable	52,096	53,771
Loan payable - 1984 series - current portion	<u>38,210</u>	<u>40,418</u>
Total current liabilities (Payable from restricted assets)	90,306	94,189
LONG-TERM LIABILITIES		
Loan payable - 1984 series	835,678	850,768
Bond payable - 1997-A series	<u>296,000</u>	<u>315,000</u>
Total long-term liabilities	<u>1,131,678</u>	<u>1,165,768</u>
Total liabilities	<u>1,231,917</u>	<u>1,278,050</u>
FUND EQUITY		
Contributed capital	3,875,117	3,875,117
Retained earnings	<u>563,881</u>	<u>399,561</u>
Total fund equity	<u>4,438,998</u>	<u>4,274,678</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$5,670,915</u>	<u>\$5,552,728</u>

See accompanying notes to the financial statements.

LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO  
Denham Springs, Louisiana

STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
For the Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>OPERATING REVENUES</u>		
Sewer fees	\$ 484,691	\$ 423,257
Sewer District No. 1 maintenance	25,449	24,912
Permits/user fees	<u>65,930</u>	<u>129,668</u>
Total operating revenues	576,070	577,837
<u>OPERATING EXPENSES</u>		
Salaries	112,343	101,044
Employee Benefits	22,957	12,223
Interest	62,083	61,503
Depreciation	158,213	152,354
Systems maintenance	90,557	147,528
Professional fees	31,701	26,743
Insurance	38,665	36,072
Per diem	2,700	2,940
Utilities	67,459	73,059
Supplies	7,601	6,271
Telephone	10,092	10,147
Miscellaneous	<u>6,615</u>	<u>10,106</u>
Total operating expenses	<u>610,986</u>	<u>639,990</u>
<u>NET OPERATING INCOME (LOSS)</u>	<u>(34,916)</u>	<u>(62,153)</u>
<u>OTHER REVENUES AND EXPENSES</u>		
Interest	114,227	81,550
Law suit settlement	80,776	508,502
Law suit expenses	(288)	(24,173)
Miscellaneous	<u>4,521</u>	<u>155</u>
Total other revenues and expenses	<u>199,236</u>	<u>566,034</u>
<u>NET INCOME (LOSS)</u>	<u>164,320</u>	<u>503,880</u>
<u>RETAINED EARNINGS AT BEGINNING OF YEAR</u>	<u>4,274,678</u>	<u>3,770,798</u>
<u>RETAINED EARNINGS AT END OF YEAR</u>	<u>\$4,438,998</u>	<u>\$4,274,678</u>

See accompanying notes to the financial statements.

LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO  
Denham Springs, Louisiana

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2000 and 1999  
Increase (Decrease) in Cash and Cash Equivalents

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (34,916)	\$ (62,153)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	158,213	152,354
(Increase) decrease in accounts receivable	(1,687)	(931)
(Increase) decrease in prepaid insurance	42	331
Increase (decrease) in accounts payable	8,160	2,050
Increase (decrease) in accrued liabilities	<u>(1,675)</u>	<u>(1,954)</u>
Net cash provided (used) by operating activities	<u>128,137</u>	<u>89,697</u>
Cash flows from investing activities:		
Cash payments for acquisition of property	551,974	15,632
Purchases of investments	<u>49,944</u>	<u>-0-</u>
Net cash provided (used) by investing activities	<u>601,918</u>	<u>15,632</u>
Cash flows from capital financing activities:		
Principal payments	(36,295)	(33,960)
Interest income	114,227	81,550
Settlement from law suit	80,776	508,502
Law suit expenses	(288)	(24,173)
Miscellaneous	<u>4,521</u>	<u>155</u>
Net cash provided (used) by capital financing activities	<u>162,941</u>	<u>532,074</u>
Net increase (decrease) in cash and equivalents	(310,840)	606,139
Cash and cash equivalents, beginning of year	<u>2,124,777</u>	<u>1,518,638</u>
Cash and cash equivalents, end of year	<u>\$1,813,937</u>	<u>\$2,124,777</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 63,759	\$ 65,822
Income taxes	\$ -0-	\$ -0-

See accompanying notes to the financial statements.



**LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO**  
**Denham Springs, Louisiana**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2000 and 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sewerage District Number Two, Denham Springs, Louisiana, was created by the Livingston Parish Police Jury (now the Livingston Parish Council) on October 26, 1974, pursuant to the provisions of R.S. 33:3811, et. seq., of the Louisiana Revised Statutes of 1950.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The District has elected to apply GASB Statements after November 30, 1989.

GASB Codification Section 2100 established criteria for determining the governmental reporting entity and component units which should be included within the reporting entity. *The reporting entity for Livingston Parish includes the component unit with oversight responsibility, and other governmental entities within the parish for which the police jury has oversight responsibility.* Oversight responsibility is determined on the basis of the following criteria:

1. Financial interdependency
2. Selection of governing authority
3. Designation of management
4. Ability to significantly influence operations
5. Accountability for fiscal matters
6. Scope of public service
7. Special financing relationship

Based on the previous criteria, the Livingston Parish Council has determined that Sewerage District Number Two is part of the reporting entity based on Criteria 2, 4, and 6.

The accounting policies of Sewerage District Number Two conform to generally accepted accounting principles. The following is a summary of the significant policies.

**A. FUND ACCOUNTING - PROPRIETARY FUND TYPE**

The Sewerage District Number Two is an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where

## LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

### Notes to the Financial Statements, Continued

December 31, 2000 and 1999

the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### B. *FIXED ASSETS AND LONG-TERM LIABILITIES*

All fixed assets are valued at historical costs. It is the policy of the sewerage district to capitalize interest costs incurred during the period of construction. No interest was capitalized during 2000 or 1999.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. All infrastructure assets are accounted for and depreciated.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives for plant and facilities is forty years.

#### C. *BASIS OF ACCOUNTING*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### D. *CASH*

Cash includes demand deposits and interest bearing demand deposits which are fully secured through the pledge of bank-owned securities or federal deposit insurance. For purposes of the statement of cash flows, the sewerage district considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Under state law, the district may deposit funds in demand deposits, interest bearing

# LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

## Notes to the Financial Statements, Continued

December 31, 2000 and 1999

demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2000 and 1999, the district has cash and cash equivalents (book balances) totaling \$1,848,038 and \$2,124,827 respectively.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at December 31, 2000 and 1999, are secured as follows:

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
Bank balances	<u>\$1,852,646</u>	<u>\$2,127,474</u>
Federal deposit insurance	\$ 200,000	\$ 150,398
Pledged securities	<u>1,652,646</u>	<u>1,977,076</u>
Total insurance and securities	<u>1,852,646</u>	<u>2,127,474</u>
Unsecured deposits at December 31	<u>\$ -0-</u>	<u>\$ -0-</u>

Deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the district's name.

### E. *BUDGET POLICY*

Each year the district adopts an annual operating cash basis budget. Periodic comparisons of budget to actual data are made. The budget is amended as required by the circumstances. Encumbrance accounting is not utilized. Appropriations lapse at year end.

### F. *USE OF ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



## LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

Notes to the Financial Statements, Continued

December 31, 2000 and 1999

### 2. RESERVE REQUIREMENTS

The district is required to maintain the following reserves by the Farmers Home Administration as a condition of the loans made to the sewerage district.

#### A. *RESERVE BOND SINKING FUND*

Each month the district must transfer into the Revenue Bond Sinking Fund, a sum equal to one-twelfth of the interest falling due on the next interest payment date and, in addition, a sum equal to one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required as the same respectively become due. Said fiscal agent bank shall make available from the Revenue Bond Sinking Fund to the paying agent for all installments on the bond payable from said fund, at least ten days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

#### B. *SEWERAGE SYSTEM REVENUE BOND RESERVE FUND*

Each month the district must transfer into the Reserve Fund, a sum equal to five per cent of the sum required to be transferred in each month into the Revenue Bond Sinking Fund as required in the Reserve Bond Sinking Fund, the payments to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bonds. The money in the Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the Revenue Bond Sinking Fund as to which there would otherwise be default.

#### C. *DEPRECIATION AND CONTINGENCY FUND*

Each month the district must transfer into the Depreciation and Contingency Fund the sum of \$413.00. All monies in the Depreciation and Contingency Fund may be drawn on and used by the district for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions; and the costs of improvements to the sewerage system which will either enhance its revenue producing capacity or provide a higher degree of service.

The district is required to maintain the following reserves in accordance with the 1997-A series bond resolution.

- A. **A Sewerage System Revenue Bond and Interest Sinking Fund (the "Revenue Bond Sinking Fund")**, sufficient in amount to pay promptly and fully the principle of and interest on the bond and unrefunded bond, including any additional pari passu bonds

LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

Notes to the Financial Statements, Continued

December 31, 2000 and 1999

issued hereafter in the manner provided in this resolution, as they severally become due and payable by depositing with the regularly designated fiscal agent bank of the District (which must be a member of the Federal Deposit Insurance Corporation) by transferring from said Revenue Fund to the Sinking Fund before the 20th day of each month of each year beginning on the first day of the month following delivery of the bond, a sum equal to one-twelfth (1/12) of the interest falling due on the next interest payment date and, in addition, a sum equal to one-twelfth (1/12) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required as the same respectively become due. Money in the Revenue Bond Sinking Fund shall be deposited as trust funds and shall be used solely and is hereby expressly and exclusively pledged for the purpose of paying principal of and interest on the bond and parity bonds.

Following the required payments to the Revenue Bond Sinking Fund, the monies remaining in the Revenue Fund shall be distributed in accordance with the following paragraphs:

- B. A "Sewerage System Revenue Bond Reserve Fund", by transferring to the regularly designated fiscal agent bank (which must be a member of the Federal Deposit Insurance Corporation) monthly in advance on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the sum required to be transferred in each month into the Revenue Bond Sinking Fund as required in (b) above, the payments to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bond, the unrefunded bond and any additional parity bonds. The money in the Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the Revenue Bond Sinking Fund as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by this resolution, there shall be transferred from the Sewerage System Revenue Fund into the Revenue Bond Sinking Fund, monthly or annually, such amounts (as may be designated in the resolution authorizing the issuance of such pari passu bonds) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years from the date of delivery of the parity bonds to a sum equal to the highest combined principal and interest requirements in any succeeding fiscal year on all outstanding bonds issued pursuant to the terms of this resolution, including such pari passu bonds.
- C. A "Depreciation and Contingency Fund", by transferring from the Sewerage System Revenue Fund on or before the 20th day of each month to the regularly designated fiscal agent bank of the District (which must be a member of the Federal Deposit Insurance Corporation) the sum equal to five percent (5%) of the sums required to be transferred in each month into the Revenue Bond Sinking Fund, as required in (b) above, but not less than \$168 per month. All monies in the Depreciation and Contingency Fund may



LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

Notes to the Financial Statements, Continued

December 31, 2000 and 1999

be drawn on and used by the district for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions; and the costs of improvements to the Sewerage System which will either enhance its revenue-producing capacity or provide a higher degree of service. In the event the available balances in the Revenue Bond Sinking Fund and Sewerage System Revenue Bond Reserve Fund are insufficient, monies on deposit in the Depreciation and Contingency Fund shall be transferred in such amounts as are necessary to eliminate the deficiencies, respectively, in the Revenue Bond Sinking Fund and the Reserve Fund.

Restricted assets have been set aside in the current period as required by the applicable bond resolutions in order to service the bonds payable.

3. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in fixed assets.

	BALANCE 12/31/98	ADDITIONS	DELETIONS	BALANCE 12/31/99
Land	\$ 56,794	\$ -0-	\$ -0-	\$ 56,794
Plant and facilities	\$5,179,601	\$ 15,632	\$ -0-	\$5,195,233
Accumulated depreciation	(1,700,080)	(152,354)	-0-	(1,852,434)
Plant and facilities (net)	\$3,479,521	\$ (136,722)	\$ -0-	\$3,342,799
	BALANCE 12/31/99	ADDITIONS	DELETIONS	BALANCE 12/31/00
Land	\$ 56,794	\$ 70,375	\$ -0-	\$ 127,169
Plant and facilities	\$5,195,233	\$334,572	\$ 11,300	\$5,518,505
Accumulated depreciation	(1,852,434)	(147,394)	-0-	(1,999,828)
Plant and facilities (net)	\$3,342,799	\$ 187,178	\$ 11,300	\$3,518,677

# LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

## Notes to the Financial Statements, Continued

December 31, 2000 and 1999

### 4. CHANGES IN LONG-TERM DEBT

The following is a summary of loan transactions of the sewerage district for the years ending December 31, 2000 and 1999:

	<u>LOAN R-1</u>	<u>1997-A</u>	<u>TOTAL</u>
Loans payable at December 31, 1998	\$ 890,146	\$350,000	\$1,240,146
New debt issued	-0-	-0-	-0-
Principal retired	<u>16,960</u>	<u>17,000</u>	<u>33,960</u>
Loans payable at December 31, 1999	<u>\$ 873,186</u>	<u>\$333,000</u>	<u>\$1,206,186</u>

	<u>LOAN R-1</u>	<u>1997-A</u>	<u>TOTAL</u>
Loans payable at December 31, 1999	\$873,186	\$333,000	\$1,206,186
New debt issued	-0-	-0-	-0-
Principal retired	<u>18,295</u>	<u>18,000</u>	<u>36,295</u>
Loans payable at December 31, 2000	<u>\$854,888</u>	<u>\$315,000</u>	<u>\$1,169,888</u>

Long-term debt consists of two loans made by the sewerage district and held by the Farmers Home Administration. Loan R-1 in the amount of \$1,047,000 bears interest of five per cent per annum. Revenue Refunding Bonds Series 1997-A bears interest at six percent (6%).

Repayment is to be made as follows:

#### A. *\$1,047,000 SEWERAGE SYSTEM LOAN NUMBER R-1*

Interest only on the first two annual payments starting on February 28, 1985.

Payments of \$62,077 annually thereafter on each February 28th until principal and interest are fully paid, except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable on the last annual payment date which is forty years from the date of the bond.

#### B. *\$365,000 REVENUE REFUNDING BONDS SERIES 1997-A*

Annual payments of \$32,337 to \$38,000, due on each February 28, beginning in 1998 and continuing until 2012.

# LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

## Notes to the Financial Statements, Continued

December 31, 2000 and 1999

The annual requirements to amortize all long-term debt outstanding at December 31, 2000, including interest of \$762,711 and at December 31, 1999, including interest of \$748,514 are as follows:

<u>1999</u> <u>YEAR ENDED</u>	<u>LOAN R-1</u>		<u>1997-A</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2000	22,418	43,659	18,000	19,980	104,057
2001	23,539	42,538	19,000	18,900	103,977
2002	24,716	41,361	20,000	17,760	103,837
2003	25,951	40,126	21,000	16,560	103,637
2004	27,249	38,828	22,000	15,300	103,377
2005 through maturity	<u>749,314</u>	<u>384,481</u>	<u>233,000</u>	<u>69,020</u>	<u>1,435,815</u>
TOTAL	<u>\$873,186</u>	<u>\$590,994</u>	<u>\$333,000</u>	<u>\$157,520</u>	<u>\$1,954,700</u>

<u>2000</u> <u>YEAR ENDED</u>	<u>LOAN R-1</u>		<u>1997-A</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2001	19,210	42,867	19,000	18,900	99,977
2002	20,293	41,784	20,000	17,760	99,837
2003	21,308	40,769	21,000	16,560	99,637
2004	22,373	39,704	22,000	15,300	99,377
2005	23,492	38,585	24,000	13,980	100,057
2006 through maturity	<u>748,212</u>	<u>413,461</u>	<u>209,000</u>	<u>53,040</u>	<u>1,214,922</u>
TOTAL	<u>\$854,888</u>	<u>\$627,171</u>	<u>\$315,000</u>	<u>\$135,540</u>	<u>\$1,932,599</u>

### 5. CONTRIBUTED CAPITAL

Contributed capital is comprised of funding from a grant from the Environmental Protection Agency (EPA) in the amount of \$3,480,342 and a grant provided by the State of Louisiana in the amount of \$394,775.

### 6. PER DIEM PAID TO BOARD MEMBERS

Board members are appointed by the Livingston Parish Police Jury and serve at the pleasure of the police jury. There are no set terms of office. Board members are paid \$60 per diem for each meeting they attend.

# LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

Notes to the Financial Statements, Continued

December 31, 2000 and 1999

2000

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Kenneth Bingham 8850 Old Winchester Road Denham Springs, Louisiana 70726	15	\$900
Thomas Walton 1051 Maywood Drive Denham Springs, Louisiana 70726	16	\$960
Kyle Parker 1463 Clinton Drive Denham Springs, Louisiana 70726	14	\$840

1999

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Kenneth Bingham 8850 Old Winchester Road Denham Springs, Louisiana 70726	13	\$ 780
Thomas Walton 1051 Maywood Drive Denham Springs, Louisiana 70726	17	\$1,020
Kyle Parker 30923 Old River Road Denham Springs, Louisiana 70726	19	\$1,140

## 7. INCOME TAXES

Sewerage District Number Two is exempt from all federal and state income taxes.

## 8. LITIGATION

According to legal counsel for the District there is no pending, material litigation on against the District.

## 9. RETIREMENT PLAN

Sewerage District Number Two does not belong to a retirement system; however, the district contributes to the social security system as required by law.

## 10. SUBSEQUENT EVENT

The District is presently attempting to obtain through grants and/or debt instruments, financing for an approximately \$4,000,000 capital improvement program.



# LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2000

I have audited the financial statements of Livingston Parish Sewerage District Number Two as of and for the year ended December 31, 2000, and have issued my report thereon dated April 12, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2000, resulted in an unqualified opinion.

### Section I Summary of Auditor's Results

	YES	NO	N/A
<i>Financial Statements</i>			
Internal control over financial reporting:			
Material weakness(es)		X	
Reportable condition(s)		X	
Noncompliance material to the financial statements		X	
<i>Federal Awards</i>			
Internal control over major programs:			
Material weakness(es) identified			X
Reportable condition(s) identified			X
Type of auditor's report on compliance for major programs			X
Any findings required to be reported by Section 510(a) of Circular A-133			X

### Identification of Major Programs:

CFDA Number(s) \_\_\_\_\_ Name of Federal Program (or Cluster) \_\_\_\_\_

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs: \$ N/A

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No ☐ N/A



LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO  
Schedule of Findings and Questioned Costs, Continued  
December 31, 2000

**Section II Financial Statement Findings**

*Current Year Findings*

No findings to report.

*Prior Year Findings*

No findings to report.

**Section III Federal Award Findings and Questioned Costs**

No findings to report.

**LIVINGSTON PARISH SEWERAGE DISTRICT NUMBER TWO**

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the Year Ended December 31, 2000**

**Section I-Internal Control and Compliance Material to the Financial Statements:**

No findings reported.

**Section II-Internal Control and Compliance Material to Federal Awards:**

No findings reported.

**Section III-Management Letter:**

No findings reported.